

AMENDED IN ASSEMBLY JUNE 14, 2005

AMENDED IN SENATE MAY 27, 2005

AMENDED IN SENATE MAY 4, 2005

AMENDED IN SENATE APRIL 21, 2005

AMENDED IN SENATE MARCH 29, 2005

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**SENATE BILL****No. 328**

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**Introduced by Senator Cedillo**

February 16, 2005

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An act to add Section 14084.5 to the Welfare and Institutions Code, relating to hospitals.

**LEGISLATIVE COUNSEL'S DIGEST**

SB 328, as amended, Cedillo. Health facilities: Medi-Cal reimbursement: selective provider contracts.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services and under which qualified low-income persons are provided with health care benefits, including hospital services.

Existing law authorizes the special negotiator to negotiate selective provider contracts with eligible hospitals to provide inpatient hospital services to Medi-Cal beneficiaries.

The bill would require the special negotiator, in negotiating selective provider contracts, to ~~provide payments that~~ take into consideration the ~~cost of providing care for reimbursement issues faced by~~ any hospital that ~~qualifies for funding as a disproportionate share hospital or, if not so qualified,~~ meets either of 2 sets of specified 7 conditions, *including that the hospital has for the previous 3 years been a contracting hospital providing basic emergency services or*

*comprehensive emergency medical services, maintained obstetrical services and a neonatal intensive care unit, and sustained a minimum level of operating losses.*

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     ~~SECTION 1. The Legislature finds and declares that the~~  
2     ~~viability of hospitals that serve low income patients and provide~~  
3     ~~vital services to disadvantaged patients is critical to the health of~~  
4     ~~all Californians.~~

5     ~~To further the Legislature's goal of supporting hospitals that~~  
6     ~~qualify for funds pursuant to Section 14105.98 of the Welfare~~  
7     ~~and Institutions Code or any successor statute and of ensuring the~~  
8     ~~continuation of hospitals that do not receive that funding but are~~  
9     ~~essential providers of services to low income patients, the~~  
10    ~~Legislature hereby enacts protections and policies pertaining to~~  
11    ~~both types of hospitals.~~

12    ~~SEC. 2.—~~

13    ~~SECTION 1.~~ Section 14084.5 is added to the Welfare and  
14    Institutions Code, to read:

15    14084.5. (a) The special negotiator, in negotiating contracts,  
16    ~~shall provide payments that take into consideration the cost of~~  
17    ~~providing for any hospital that comes within one of the following~~  
18    ~~three categories:~~

19    ~~(1) Qualifies for funding pursuant to Section 14105.98 or any~~  
20    ~~successor statute.~~

21    ~~(2) Does not qualify for funding pursuant to Section 14105.98~~  
22    ~~or any successor statute but meets all of the following criteria:~~

23    ~~(A) Is a contracting hospital under this article.~~

24    ~~(B) Is either one of the following:~~

25    ~~(i) A licensed provider of basic emergency services as~~  
26    ~~described in Sections 70411 and following of Title 22 of the~~  
27    ~~California Code of Regulations.~~

28    ~~(ii) A licensed provider of comprehensive emergency medical~~  
29    ~~services as defined in Sections 70451 and following of Title 22~~  
30    ~~of the California Code of Regulations.~~

31    ~~(C) Had at least 20,000 emergency department visits in the~~  
32    ~~prior year.~~

~~(D) Has an existing obstetrical services and a neonatal intensive care unit.~~

*shall take into consideration the reimbursement issues faced by any hospital that is not a disproportionate share hospital and that meets all of the following criteria:*

*(1) Is a contracting hospital under this article and has been for the previous three years.*

*(2) Is located within five miles of a county operated general acute care hospital licensed pursuant to Section 1250 of the Health and Safety Code.*

*(3) Had 7,000 inpatient acute care, excluding psychiatric and rehabilitation, Medi-Cal days or more in the previous year.*

*(4) Is, and has been for the previous three years, either one of the following:*

*(A) A licensed provider of basic emergency services as described in Sections 70411 and following of Title 22 of the California Code of Regulations.*

*(B) A licensed provider of comprehensive emergency medical services, as defined in Sections 70451 and following of Title 22 of the California Code of Regulations.*

*(5) Had at least 20,000 emergency department visits in the prior year.*

*(6) Has an existing obstetrical services and a neonatal intensive care unit and has had these services for the previous three years.*

~~(E)~~

*(7) Has a sustained operating loss, excluding the payments received from Medi-Cal pursuant to this section and all nonoperating revenues, including donations and income from investments, of three million dollars (\$3,000,000) or more a year for each of the most recent three years as reflected in the hospital's audited financial statements.*

~~(3) Does not qualify for funding pursuant to Section 14105.98 or any successor statute, but meets all of the following criteria:~~

~~(A) Has been designated a rural hospital by the Office of Statewide Health Planning and Development.~~

~~(B) Is either of the following:~~

~~(i) A licensed provider of basic emergency services as described in Sections 70411 and following of Title 22 of the California Code of Regulations.~~

1     ~~(ii) A licensed provider of comprehensive emergency medical~~  
2     ~~services as defined in Sections 70451 and following of Title 22~~  
3     ~~of the California Code of Regulations.~~

4     ~~(C) Has sustained an operating loss, excluding the payments~~  
5     ~~received from Medi-Cal pursuant to this section and all~~  
6     ~~nonoperating revenues, including donations and income from~~  
7     ~~investments, for each of the most recent three years as reflected~~  
8     ~~in the hospital's audited financial statements.~~

9     (b) The contract term may be set at the discretion of the  
10    special negotiator and the hospital, but shall not be less than one  
11    year.

12    (c) The department shall seek federal financial participation  
13    for expenditures made pursuant to this section to the full extent  
14    permitted by federal law.

15    (d) The department shall promptly seek any necessary federal  
16    approvals regarding this section.

17    ~~(e) This section shall not apply to any hospital that is eligible~~  
18    ~~for Medi-Cal supplemental payments under Section 14085.6 or~~  
19    ~~any other program established under the selective provider~~  
20    ~~contracting program pursuant to a federal waiver.~~